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State/Territory Name: Michigan

State Plan Amendment (SPA) #: MI 19-0005

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

September 24, 2019

Ms. Kate Massey
Acting Medicaid Director
State of Michigan, Department of Community Health
400 South Pine Street
Lansing, MI 48933

RE: Michigan State Plan Amendment (SPA) 19-0005

Dear Ms. Massey:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 19-0005 effective for services on or after October 1st, 2019, this amendment allows for updates to the reimbursement methodology for CMS changes to the Skilled Nursing Facility Prospective Payment System methodology.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 19-0005 is approved effective October 1st, 2019. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,

A solid black rectangular box used to redact the signature of Kristin Fan.

Kristin Fan
Director

cc:
Danielle Motley
Tom Caughey

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

19 - 0005

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)
TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
October 1, 2019

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447

7. FEDERAL BUDGET IMPACT:

a. FFY 2020 \$0

b. FFY 2021 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-D, Section IV Page 30

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attachment 4.19-D, Section IV Page 30

10. SUBJECT OF AMENDMENT:

This SPA allows for updates to the reimbursement methodology for State Veterans Homes based on CMS changes to the Skilled Nursing Facility Prospective Payment System methodology.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Kate Massey, Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Kate Massey

14. TITLE:

Director, Medical Services Administration

15. DATE SUBMITTED:

July 24, 2019

16. RETURN TO:

Medical Services Administration
Actuarial Division - Federal Liaison
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Erin Black

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

SEP 24 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

OCT 01 2019

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

Kristin Fan

22. TITLE:

Director, FMG

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Long Term Care Facilities)***

N. Payment Determination for State Veterans Homes

The payment rates to State Veterans Homes shall be prospective, per patient day, and based on patient acuity groupings. The rates for these facilities shall not be subject to the provisions in sections IV.A. through IV.M. above, but instead the following provisions shall be used for payment determination:

1. The single state agency shall utilize ~~Resource Utilization Groups (RUGS)~~ THE PATIENT DRIVEN PAYMENT MODEL (PDPM) to set payment rates. The Minimum Data Set (MDS) shall be employed to calculate a ~~RUG~~ PDPM score which will be used to determine a patient's acuity.
2. The payment rates associated with ~~an~~ THE individual ~~RUG~~ PDPM category CATEGORIES shall be set as a percentage of what the Centers for Medicare and Medicaid Services would pay under the Medicare Skilled Nursing Facility Prospective Payment System (SNF PPS). The percentage shall not exceed 100% of the Medicare rate.
 - a. $\text{Payment} = (\text{percentage} * \text{Medicare SNF PPS RUG PDPM rate}) * \text{billed XIX days.}$
3. The patient's ~~RUG~~ PDPM score shall be reported on any claim submitted to the single state agency and based on the applicable MDS assessment(s) to the billing period.
4. Participating providers shall not receive any supplemental payments from the single state agency.
5. Allowable cost identification for cost reporting and upper payment limit purposes will not follow section III of this attachment, but will follow the Medicare principles of reimbursement in 42 CFR, Chapter IV, Subchapter B, Part 413 and the PRM-15.
6. FOR DATES OF SERVICE BETWEEN OCTOBER 1, 2019 AND DECEMBER 31, 2019, STATE VETERANS HOMES MAY CONTINUE TO BE REIMBURSED UNDER THE RESOURCE UTILIZATION GROUP-IV (RUG-IV) FOR MEDICAID RESIDENTS WITH AN MDS ASSESSMENT WITH AN ASSESSMENT REFERENCE DATE (ARD) PRIOR TO OCTOBER 1, 2019. RUG-IV RATES DURING THIS PERIOD WILL BE SET AS A PERCENTAGE OF THE FISCAL YEAR 2019 MEDICARE SNF PPS RUG-IV RATES. REIMBURSEMENT WILL BE SET USING PDPM FOR RESIDENTS WITH AN ARD ON OR AFTER OCTOBER 1, 2019, AND REIMBURSEMENT WILL BE BASED SOLELY ON PDPM FOR DATES OF SERVICE ON OR AFTER JANUARY 1, 2020.

TN NO.: 19-0005

Approval Date: SEP 24 2019

Effective Date: 10/01/2019

Supersedes

TN No.: 17-0014